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NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2010 AUG -2 A 9:56

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

In the matter of:

STEVEN DALE MORREY, a married man,
individually and doing business as Mayet, Inc.,
an unincorporated entity,

JENNIFER MORREY, a married woman,

and

MAYET HOLDINGS, LLC, a Utah limited
liability company, doing business as Mayet
Holdings Ltd.

Respondents.

DOCKET NO. S-20754A-10-0322

TEMPORARY ORDER TO CEASE AND
DESIST AND NOTICE OF
OPPORTUNITY FOR HEARING

Arizona Corporation Commission
DOCKETED

AUG -2, 2010

DOCKETED BY	nr
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NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents STEVEN DALE MORREY, JENNIFER MORREY and MAYET HOLDINGS, LLC are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.**RESPONDENTS**

2. STEVEN DALE MORREY ("S. MORREY"), at all relevant times, was an Arizona resident located in Mesa, Arizona. S. MORREY was listed as the registered agent and manager of MAYET HOLDINGS, LLC.

3. JENNIFER MORREY ("J. MORREY"), at all relevant times, was an Arizona resident located in Mesa, Arizona. According to the offering documents and emails, the pledge forms and the checks were to be sent to J. MORREY.

4. S. MORREY and J. MORREY are husband and wife. At all relevant times, Respondents S. MORREY and J. MORREY acted for their own benefit and for the benefit or in furtherance of their marital community.

5. MAYET HOLDINGS, LLC, ("MAYET HOLDINGS") was organized in Utah as a limited liability company on July 15, 2010.

6. STEVEN DALE MORREY, JENNIFER MORREY and MAYET HOLDINGS may be referred to collectively as "Respondents."

III.**FACTS**

7. On June 23, 2010, S. MORREY advertised for investors on an internet website known as Craigslist/Phoenix. The advertisement stated as follows:

HIGH RISK INVESTMENT OPPORTUNITY

Hello,

We're currently developing an AI based, automated trading system. We've been running the AI algorithms on paper trades for a few weeks and it seems to be doing rather well for itself. We would like to create a pool of qualified investors to give the system the initial funds it needs to begin executing real trades and generating profits. The system uses several techniques to spot investments that it predicts will make money.

The short version is that it analyzes trends, makes an opportunity cost decision and places trades based on the expected timing of the trends, this allows it to consistently capture 80 - 90% of a trend while limiting exposure to losses. Because all of the investments it makes are leveraged the AI takes extreme caution to limit losses, but the leverage allows for

1 much broader gains overall. Unlike most leveraged investments you
2 cannot lose more than you invest, but you still get the opportunity to take
3 the profits that leveraged investing provides. At the moment we are simply
4 seeking funding pledges from interested investors and attempting to gauge
5 overall investor interest.

You can invest as little as \$100 or as much as \$25,000.

You are neither requested, nor expected to make an investment based on
this ad.

No money will change hands unless the total amount of pledges equals
\$100,000 USD, at which point the pledges will be called in, exchanged for
share certificates and the funds placed in an interest bearing trust account
at a US Bank.

Once all pledges are collected, a letter of credit will be issued and used to
fund the trading account.

Your return will be a straight percentage of profits, based on the
percentage of the initial funding pool you've pledged which means it is per
share dividend based. We expect initial issue to consist of 100,000 shares
at \$10 per share.

Please note:

We advise you to make an informed decision.

Although we take numerous steps to try and limit losses, this is a high risk
investment, the potential does exist for complete and total loss of capital.

This is not a solicitation to invest, for more information on what we're
doing and how we're doing it please feel free to reply to this ad.

8. A potential Arizona investor responded electronically to the Craigslist
advertisement. S. MORREY emailed the offeree and attached a document titled "Talking Points:
Mayet" ("Talking Points") that explained the details of the "High Risk Investment" advertised. The
Talking Points stated that it is a "marketing document intended to engage potential investor
interest." The Talking Points stated that once an "official prospectus" was completed, it would be
sent to the offerees and investors.

9. The Talking Points stated that Mayet Inc. "is a company currently being founded
whose primary purpose is to be the exclusive provider of a new automated trading platform called
Mayet ATP." The Talking Points further stated that "Mayet is designed to apply advanced
waveform analysis techniques to the financial markets. The purpose of the analysis is to predict
the length and breadth of trends of individual securities in those markets, in real time."

10. The Talking Points disclosed that the "Mayet fund is an investment pool that is
managed exclusively by the Mayet ATP software for the benefit of the Mayet shareholders."

1 11. According to the Talking Points, "pledges" S. MORREY sought "Qualified
2 Investors" to purchase stock in Mayet, Inc. The Talking Points further stated that the "[t]he initial
3 issue is expected to consist of 100,000 shares at \$10 per share. The minimum pledge is 10 shares."
4 The Talking Points also stated that once a pledge form was returned, the prospectus would be
5 provided as soon as it is completed. The pledge forms were to be returned to "Mayet c/o Jennifer
6 Morrey" at her address in Mesa, Arizona.

7 12. In subsequent emails, S. MORREY clarified that Mayet, Inc. would be structured as
8 a limited liability company and therefore does not have "shares in a traditional sense. . . . it does
9 have member owners." Further, S. MORREY stated that the formation of the limited liability
10 company would be "very similar to a traditional stock based corp where ownership percentage is
11 based on the investment in the initial capitalization phase. No stocks would be issued, however." S.
12 MORREY stated that the investors would be member owners however; the investors would not
13 take an active role in the entity.

14 13. S. MORREY stated in a follow-up email that profits would be paid directly to the
15 "owner/members." Further, S. MORREY stated that "the 'investment pool' would no longer be a
16 fund in the traditional sense, it would be a DPP [direct participation program] . . . similar to how
17 investment clubs manage their assets."

18 14. In a subsequent telephone conversation with an offeree, S. MORREY stated that the
19 ATP program was generating an average of about ten percent (10%) a month. The investment was
20 expected to last about two years. The investors could expect a return on investment to average
21 about ten percent (10%) a month for two years plus a twenty five percent (25%) premium at the
22 end of the two years.

23 15. The Talking Points further stated that those offerees that signed a pledge form
24 would be contacted when the "pledging goal" had been met. Then, the offeree would be expected
25 to fund the amount pledged within five business days. According to S. MORREY, other than the
26 investment of money, the investors are not expected to be active in the business.

1 16. On July 15, 2010, MAYET HOLDINGS registered as a limited liability company in
2 Utah.

3 17. On July 16, 2010, another advertisement was placed on Phoenix Craigslist that
4 sought investors in a "High Risk Investment Opportunity."

5 18. On July, 16, 2010, another potential Arizona investor received an updated Talking
6 Points document ("New Talking Points") from S. MORREY regarding the investments offered by
7 MAYET HOLDINGS. According to the email sent by S. MORREY, they have "chosen to create
8 an LLC" and "are seeking initial capitalization." S. MORREY stated that the New Talking Points
9 document had been changed to reflect the change to membership interests.

10 19. The New Talking Points document stated that "Mayet Holdings Ltd. is a privately
11 held company and this is a private offering" even though the offer was advertised on
12 Craigslist/Phoenix. The New Talking Point document also stated that "[a]ccording to SEC
13 regulations a prospectus need only be created & filed for public companies & offerings, or private
14 offerings beyond a certain size."

15 20. On July 16, 2010, S. MORREY contacted one of the offerees via email to inform
16 him that the entity had been successfully formed as a "manager managed LLC." The July 16,
17 2010, email also stated that "Mayet Holdings, Ltd. is now a legally functioning entity." Further, S.
18 MORREY stated that the type of investment offered by the Respondents may now change from
19 membership interests in a limited liability company to "convertible debentures."

20 21. According to the July 16, 2010, email from S. MORREY, "[a] convertible debenture
21 offering is effectively a loan that we can pay back with profits generated by the company and when
22 we are ready to IPO, we should have enough funding to payoff everyone involved, premiums
23 included." In addition, S. MORREY represented that, with convertible debentures, the return on
24 investment would significantly increase.

25 22. On July 18, 2010, S. MORREY contacted the offeree via email to begin calling the
26 pledges. The funds were to be provided to Mayet Holdings Ltd. in care of J. MORREY.

23. Respondents are not registered as securities dealers and/or salesmen.

IV.

VIOLATION OF A.R.S. § 44-1841

(Offer and Sale of Unregistered Securities)

24. From on or about June of 2010 through the present, S. MORREY and J. MORREY offered or sold securities in the form of stock, investment contract and/or debenture, within or from Arizona.

25. Beginning on July 15, 2010 through the present, MAYET HOLDINGS offered or sold securities in the form of stock, investment contract and/or debenture, within or from Arizona.

26. The securities referred to above are not registered pursuant to Articles 6 or 7 of the Securities Act.

27. This conduct violates A.R.S. § 44-1841.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

28. Respondents offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

29. This conduct violates A.R.S. § 44-1842.

VI.

TEMPORARY ORDER

Cease and Desist from Violating the Securities Act

THEREFORE, based on the above allegations, and because the Commission has determined that the public welfare requires immediate action,

IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents, their agents, servants, employees, successors, assigns, and those persons in active concert or participation with Respondents CEASE AND DESIST from any violations of the Securities Act.

1 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in
2 effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

3 IT IS FURTHER ORDERED that this Order shall be effective immediately.

4 **VII.**

5 **REQUESTED RELIEF**

6 The Division requests that the Commission grant the following relief:

7 1. Order Respondents to permanently cease and desist from violating the Securities Act,
8 pursuant to A.R.S. §44-2032;

9 2. Order Respondents to take affirmative action to correct the conditions resulting from
10 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
11 A.R.S. § 44-2032;

12 3. Order Respondents to pay the state of Arizona administrative penalties of up to five
13 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

14 4. Order that the marital community of S. MORREY and J. MORREY is subject to any
15 order of restitution, rescission, administrative penalties, or other appropriate affirmative action
16 pursuant to A.R.S. § 25-215; and

17 5. Order any other relief that the Commission deems appropriate.

18 **VIII.**

19 **HEARING OPPORTUNITY**

20 Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. Rule 14-4-
21 307. **If a Respondent requests a hearing, the requesting respondent must also answer this**
22 **Temporary Order and Notice.** A request for hearing must be in writing and received by the
23 Commission within 20 days after service of this Temporary Order and Notice. The requesting
24 respondent must deliver or mail the request for hearing to Docket Control, Arizona Corporation
25 Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may be obtained
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1 from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
2 www.azcc.gov/divisions/hearings/docket.asp.

3 If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to
4 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or
5 ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary**
6 **Order shall remain effective from the date a hearing is requested until a decision is entered.**
7 After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order, with
8 written findings of fact and conclusions of law. A permanent Order may include ordering restitution,
9 assessing administrative penalties, or other action.

10 If a request for hearing is not timely made, the Division will request that the Commission
11 make permanent this Temporary Order, with written findings of fact and conclusions of law, which
12 may include ordering restitution, assessing administrative penalties, or other relief.

13 Persons with a disability may request a reasonable accommodation such as a sign language
14 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
15 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
16 Requests should be made as early as possible to allow time to arrange the accommodation.

17 IX.

18 ANSWER REQUIREMENT

19 Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting
20 respondent must deliver or mail an Answer to this Temporary Order and Notice to Docket Control,
21 Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30
22 calendar days after the date of service of this Temporary Order and Notice. Filing instructions
23 may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet
24 web site at www.azcc.gov/divisions/hearings/docket.asp.

25 Additionally, the answering respondent must serve the Answer upon the Division.
26 Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-

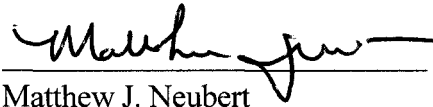
1 delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix,
2 Arizona, 85007, addressed to Wendy Coy, Senior Counsel.

3 The Answer shall contain an admission or denial of each allegation in this Temporary
4 Order and Notice and the original signature of the answering respondent or the respondent's
5 attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial
6 of an allegation. An allegation not denied shall be considered admitted.

7 When the answering respondent intends in good faith to deny only a part or a qualification
8 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
9 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

10 The officer presiding over the hearing may grant relief from the requirement to file an
11 Answer for good cause shown.

12 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 2 day of
13 August, 2010.

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15 Matthew J. Neubert
16 Director of Securities
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